



General Assembly

Substitute Bill No. 476

February Session, 2004

* SB00476FIN__042704__ *

AN ACT CONCERNING INCOME TAX REFUND ANTICIPATION LOAN DISCLOSURES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2004*) (a) As used in this
2 section:

3 (1) "Borrower" means a person who receives the proceeds of a
4 refund anticipation loan;

5 (2) "Facilitator" means a person who, individually, or in conjunction
6 or cooperation with another person, makes a refund anticipation loan,
7 processes, receives or accepts for delivery an application for a refund
8 anticipation loan, issues a check in payment of refund anticipation loan
9 proceeds, or in any other manner acts to allow the making of a refund
10 anticipation loan. The term does not include a bank, savings and loan
11 association, credit union or person issued a license under the
12 provisions of sections 36a-555 to 36a-573, inclusive, of the general
13 statutes, operating under the laws of the United States or this state, or
14 any person who acts solely as an intermediary and does not deal with
15 the public in the making of a refund anticipation loan;

16 (3) "Refund anticipation loan" means a loan arranged to be paid
17 directly from the proceeds of a borrower's income tax refund; and

18 (4) "Refund anticipation loan fee" means any charges, fees or other
19 consideration charged or imposed for the making of a refund
20 anticipation loan. The term does not include any charges, fees or other
21 consideration charged or imposed in the ordinary course of business
22 by a facilitator for services that do not result in the making of a loan
23 including, but not limited to, fees for tax return preparation services or
24 for the electronic filing of income tax returns.

25 (b) At the time a borrower applies for a refund anticipation loan, a
26 facilitator shall disclose to such borrower on a document that is
27 separate from the loan application:

28 (1) The estimated fee for preparing and electronically filing an
29 income tax return;

30 (2) The refund anticipation loan fee schedule;

31 (3) The annual percentage rate utilizing the guidelines established
32 by the official staff interpretations of federal Regulation Z to the Truth
33 in Lending Act, 12 CFR, Part 226;

34 (4) The estimated total cost to the borrower for utilizing a refund
35 anticipation loan;

36 (5) The estimated number of days within which the loan proceeds
37 shall be paid to the borrower if the loan is approved;

38 (6) The borrower is responsible for repayment of the loan and
39 related fees in the event the income tax refund is not paid or not paid
40 in full; and

41 (7) The availability of electronic filing of the income tax return of the
42 borrower and the average time announced by the Internal Revenue
43 Service within which the borrower can expect to receive a refund if the
44 borrower's return is electronically filed and the borrower does not
45 obtain a refund anticipation loan.

46 (c) Any facilitator who violates any provision of subsection (b) of

47 this section shall be fined five hundred dollars for each such violation.
48 Any facilitator who violates any provision of said subsection shall be
49 liable to any aggrieved borrower in an amount equal to three times the
50 amount of the refund anticipation loan fee, plus reasonable attorney's
51 fees, in a civil action brought by the aggrieved borrower or by the
52 Attorney General on behalf of the aggrieved borrower.

This act shall take effect as follows:	
Section 1	<i>October 1, 2004</i>

BA *Joint Favorable Subst.*

FIN *Joint Favorable*